

<b>MEETING</b>	<b>Pensions Committee</b>
<b>DATE</b>	<b>10 November 2015</b>
<b>TITLE</b>	<b>Administration Authority Discretions</b>
<b>PURPOSE FOR THE REPORT</b>	<b>To review and update policies in context of the Local Government Pension Scheme Regulations 2014</b>
<b>AUTHOR</b>	<b>Gareth Jones – Pensions Manager</b>
<b>RECOMMENDATION</b>	<b>To agree or amend administration authority policies as the Committee sees fit</b>

### **1. Background**

1.1 The introduction of the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme Regulations (Transitional Provisions and Savings) Regulations 2014 make it necessary for the Council, as an Administering Authority, to create and review policies for discretions contained within both sets of Regulations.

### **2. Discretions**

2.1 Appendix 1 lists the discretions available under the main pension scheme regulations whilst Appendix 2 lists those available under the transitional and savings provisions.

2.2 Many of the listed discretions already formed part of scheme administration prior to 2014, however the introduction of the new CARE arrangement provided the opportunity to review and update into the two sets now presented for agreement.

2.3 For future convenience and clarity the proposals, as presented, amalgamate the existing discretions with the ones contained in the new legislation.

### **3. Recommendation**

3.1 Members are asked to agree or amended the proposed policies as they see fit.

## Appendix 1

### **GWYNEDD PENSION FUND ADMINISTRATION POLICIES Local Government Pension Scheme Regulations 2013**

<b>Regulation</b>	<b>Proposed Policy</b>
<b>Reg. 4 (2) (b):</b>  Whether to agree to an admission agreement with a Care Trust or NHS Scheme employing authority.	Each application will be considered on its individual merits.
<b>Reg. 5 (5) &amp; Sched. 2, Part 3, Para 1:</b>  Whether to agree to an admission agreement with a body applying to be an admission body.	Each application will be considered on its individual merits, based on risk and level of guarantees.
<b>Sched. 2, Part 3, Para 9 (d):</b>  Whether to terminate a transferee admission agreement in the event of: <ul style="list-style-type: none"><li>• Insolvency, winding up or liquidation of the body.</li><li>• Breach by that body of its obligations under the admission agreement.</li><li>• Failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so.</li></ul>	The Administering authority will exercise its discretion and terminate the admission agreement where such circumstances arise.
<b>Sched. 2, Part 3, Para. 12 (a):</b>  Define what is meant by 'employed in connection with'.	This is defined as <b><u>ONLY</u></b> employees who are employees of the body who are transferred and employed in the provision of the service and listed in the admission agreement.
<b>Reg. 16 (1):</b>  Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment).	Not to turn down any requests but that amounts of £50 or less will require payment by way of a single payment.
<b>Reg. 16 (10):</b>  Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC.	The Fund will not require a satisfactory medical where APC/SCAPC is for reinstating unpaid leave, or paying by means of a single payment.  The Fund will require completion of a signed medical questionnaire from the member's GP for purchasing additional pension APC/SCAPC by means of monthly contributions over a period of 12 months or more.

<p><b>Reg. 17 (12):</b></p> <p>Decide to who any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member.</p>	<p>The administering authority resolves to pay any AVC monies under the instructions received via the 'Death Grant Expression of Wish' form. Where there is any doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, the death grant is released to the Executors of the Estate.</p>
<p><b>Reg. 22 (3) (c):</b></p> <p>Pension account may be kept in such form as is considered appropriate.</p>	<p>Pension accounts will be kept in accordance with the LGPS regulations</p>
<p><b>Reg. 30 (8):</b></p> <p>Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.</p>	<p>The Administering Authority may use its discretion to determine not to apply all or part of this reduction if the employer has become defunct. However, this discretion will only be used where there is a robust business case justifying the cost.</p>
<p><b>Reg. 30 (8):</b></p> <p>Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.</p>	<p>The Administering Authority may use its discretion to determine not to apply all or part of this reduction if the employer has become defunct. However, this discretion will only be used where there is a robust business case justifying the cost.</p>
<p><b>Reg. 68 (2):</b></p> <p>Whether to require any strain on Fund costs to be paid 'up front' by an Employing authority, following the payment of benefits under the LGPS 2013 Regulations, Regulation 30(6) (flexible retirement), Regulation 30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under Regulation 30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement.</p>	<p>The administering authority resolves that it will require Employers to pay in full the cost of pension strain arising from early retirements, within a period not normally exceeding five years, but reserves the right to demand full immediate payment where there is a perceived risk the employer will cease membership of the fund or if remaining active members are considered to be too low to justify extended payment periods.</p>
<p><b>Reg. 32 (7):</b></p> <p>Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement.</p>	<p>The Administering Authority resolves to exercise this discretion</p>
<p><b>Reg. 34 (1):</b></p> <p>Decide whether to commute small pension.</p>	<p>The administering authority resolves to exercise the discretion available under Reg. 34 to commute all small pensions that are not unauthorised payments under HMRC rules.</p>

<p><b>Reg. 36 (3):</b></p> <p>Approve medical advisors (IRMP) used by employers (for ill health benefits).</p>	<p>A list of approved independent occupational health physicians' list (IDRP) has been established in partnership with the Clwyd Pension Fund. Only IRMP's included on this list, all holding the highest qualification requirements as set by Regulation, will be accepted.</p>
<p><b>Reg. 38 (3):</b></p> <p>Decide whether deferred beneficiary meets criteria of being permanently incapable of his / her former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner where the former employer has become defunct.</p>	<p>The Administering Authority will determine eligibility in accordance with the LGPS regulations and medical advice where the employer has become defunct.</p>
<p><b>Reg. 38 (6):</b></p> <p>Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health where the former employer has become defunct.</p>	<p>The Administering Authority will determine eligibility in accordance with the LGPS regulations and medical advice where the employer has become defunct.</p>
<p><b>Reg. 40 (2), 43(2) &amp; 46(2):</b></p> <p>Decide to whom death grant is paid.</p>	<p>The administering authority resolves to pay the death grant under the instructions received via the 'Death Grant Expression of Wish form'. Where there is doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, the death grant is released to the Executors of the Estate.</p>
<p><b>Regulation 49 (1) (c):</b></p> <p>Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership.</p>	<p>The administering authority resolves that it shall pay the member (or their beneficiaries) the highest value benefit.</p>
<p><b>Regulation 54 (1):</b></p> <p>Whether to set up a separate admission agreement fund.</p>	<p>The administering authority resolves not to exercise this discretion.</p>
<p><b>Regulation 59 (1) &amp; (2):</b></p> <p>Whether to have a written pensions administration strategy and, if so, the matters it should include.</p>	<p>In the medium term to consult, and agree with Fund employers on the written administration strategy to include</p> <ul style="list-style-type: none"> <li>• Agree time scales for submitting relevant notices of starters, terminations etc.</li> <li>• Set out deadlines for submitting annual contribution returns.</li> <li>• Agree response times for requests for estimates and payment of benefits to members.</li> </ul>

<p><b>Regulation 61:</b> Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers.</p>	<p>The Communication Policy Statement will be reviewed and presented to a future meeting of the Committee</p>
<p><b>Regulation 64 (4):</b> Whether to obtain revision of Employer's contribution rate if there are circumstances which make it likely a Scheme Employer will become an exiting Employer.</p>	<p>The administering authority resolves to exercise this discretion in all such cases.</p>
<p><b>Regulation 65:</b> Decide whether to obtain a new 'rates and adjustments certificate' if the Secretary of State amends the Benefits Regulations as part of the 'cost sharing' under the LGPS 2013 Regulations, Regulation 63.</p>	<p>The administering authority resolves to exercise this discretion in all such cases.</p>
<p><b>Regulation 69 (1):</b>  Decide frequency of payments to be made over to Fund by Employers and whether to make an admin charge.</p>	<p>The administering authority resolves to exercise the discretion.</p>
<p><b>Regulation 69 (4):</b>  Decide form and frequency of information to accompany payments to the Fund.</p>	<p>The administering authority resolves to exercise the discretion.</p>
<p><b>Regulation 70:</b>  Whether to issue Employer with notice to recover additional costs incurred as a result of the Employer's level of performance.</p>	<p>The administering authority resolves to consider each case on its merits, with any decision on costs being delegated to the Head of Finance.</p>
<p><b>Regulation 71 (1):</b>  Whether to charge interest on payments by Employers which are overdue.</p>	<p>The administering authority resolves to exercise the discretion to charge interest at the rate of 1% above base, compounded quarterly, in respect of the late receipt of pension contributions and combined benefit payments.</p>
<p><b>Regulation 76 (4):</b>  Decide procedure to be followed by admin authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised.</p>	<p>The administering authority has resolved that Stage 2 IDRPs functions be carried out by the Head Of Legal Services.</p>
<p><b>Regulation 79 (2):</b>  Whether the administering authority should appeal against Employer decision (or lack of a decision).</p>	<p>The administering authority resolves to consider each case on its individual merits.</p>

<p><b>Regulation 80 (1) (b):</b></p> <p>Specify information to be supplied by Employers to enable administering authority to discharge its functions.</p>	<p>The administering authority resolves to exercise this discretion through negotiation and agreement with each individual Employer.</p>
<p><b>Regulation 82 (2):</b></p> <p>Whether to pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in S.6 of the Administration of Estates (Small Payments) Act 1965.</p>	<p>The administering authority resolves to pay the death grant under the instructions received via the 'Death Grant Expression of Wish form'. Where there is any doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, the death grant is released to the Executors of the Estate.</p>
<p><b>Regulation 83:</b></p> <p>Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.</p>	<p>The Administering Authority resolves to consider each case on its individual merits</p>
<p><b>Regulation 89 (5):</b></p> <p>Date to which benefits shown on annual benefit statement are calculated.</p>	<p>The Administering authority resolves to use the 31 March to illustrate the current value of benefits on Annual Benefit Statements.</p>
<p><b>Regulation 98 (1) (b):</b></p> <p>Agree to bulk transfer payment.</p>	<p>The Administering Authority resolves to exercise its discretion and will consider each case on its merits.</p>
<p><b>Regulation 100 (68):</b></p> <p>Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.</p>	<p>Extensions only to be allowed in exceptional circumstances or where the delay is caused by the Fund or employer concerned.</p>
<p><b>Regulation 100 (7):</b></p> <p>Allow transfer of pension rights into the Fund.</p>	<p>The Administering Authority resolves to consider each case on its individual merits.</p>
<p><b>Schedule 1:</b></p> <p>Decide to treat child as being in continuous education or vocational training despite a break.</p>	<p>The administering authority resolves to continue to count one academic year's break as being continuous education or vocational training.</p>
<p><b>Schedule 1:</b></p> <p>Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.</p>	<p>The Administering Authority, upon the death of the member, will request evidence, as defined in the regulations.</p>

## Appendix 2

### Local Government Pension Scheme Regulations (Transitional Provisions, Savings & Amendment) Regulations 2014

<b>Regulation</b>	<b>Proposed Policy</b>
<b>Reg 15 (1) (d):</b> Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds (where AVC/SCAVC arrangement was entered into before 1/4/14).	The administering authority resolves to exercise the discretion available under Regulation 15 to levy a charge against a member's AVC Fund where a member has requested the calculation of a conversion from the AVC Fund for a second time and fails to proceed with the conversion within three months of being informed of the calculation. The cost to be linked to the CETV charge on the divorce schedule.
<b>Reg 10 (9):</b> Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which ongoing employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one ongoing employment).	The Administering Authority resolves that it will aggregate the ceased concurrent employment with the ongoing employment which appears to be in the best interests of the member.
<b>Schedule 2, Paragraph 1 (2) &amp; 2 (2):</b> Whether to 'switch on' the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 in cases where the employer has become defunct.	The Administering Authority will consider each case on its own merits and may only agree where there is a robust business case justifying the cost where the employer has become defunct.
<b>Reg 3(1) &amp; Schedule 2, Paragraph 2(1)&amp; 2(2):</b> Whether to waive any actuarial reduction on pre and/or post April 2014 benefits in cases where the employer has become defunct.	The Administering Authority may use its discretion to determine not to apply all or part of this reduction if the employer has become defunct. However, this discretion will only be used where there is a robust business case justifying the cost.
<b>Schedule 2, Paragraph 2 (3):</b> Whether to require any strain on Fund costs to be paid 'up front' by employing authority following flexible retirement under LGPS 2013, Regulation 30(6) or waiver of actuarial reduction under the 2014 Transitional Regulations, Schedule 2, paragraph 2(1) or release of benefits before age 60 under the BMC Regulations 2007, Regulation 30 or Regulation 30A.	The administering authority resolves that it will require Employers to pay in full the cost of pension strain arising from early retirements, within a period not normally exceeding five years.
<b>Reg 12 (6):</b> Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme.	The Administering Authority will exercise its discretion where the Employer has become defunct.

<p><b>Reg 17 (5 to 8):</b> Decide to whom death grant is paid.</p>	<p>The Administering authority resolves to pay the death grant under the instructions received via the 'Death Grant Expression of Wish form'. Where there is any doubt as to the validity of the deceased member's wishes; where an expression of wish is challenged; or where the expression of wish is unreasonable, the death grant is released to the Executors of the Estate.</p>
<p><b>Reg 22 (2):</b> Whether to issue Employer with notice to recover additional costs incurred as a result of the Employer's level of performance.</p>	<p>The administering authority resolves to consider each case on its merits, with any decision on costs being delegated to the Head of Finance.</p>
<p><b>Reg 22 (1):</b> Specify information to be supplied by Employers to enable administering authority to discharge its functions.</p>	<p>The administering authority, when reasonable, resolves to exercise this discretion through negotiation and agreement with each individual Employer.</p>
<p><b>Reg 3 (6), 4 (6) (c), 8 (4), 10 (2) (a), 17 (2) (b):</b> Where member to whom Regulation 10 under the BMC 2007 Regulations applies (use of average of 3 years pay for final pay).</p>	<p>Administering Authority will exercise its discretion on behalf of the deceased member by choosing the most beneficial period of final pay.</p>
<p><b>Reg 3 (6), 4 (6) (c), 8 (4), 10 (2) (a), 17 (2) (b):</b> Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 1.4.08.).</p>	<p>Administering Authority will exercise its discretion on behalf of the deceased member by choosing the most beneficial period of final pay.</p>
<p><b>Regulation 17 (9):</b> Decide to treat child as being in continuous education or vocational training despite a break.</p>	<p>The administering authority resolves to exercise the discretion available under Schedule 1 and will consider each case on its merits.</p>
<p><b>Regulation 17 (9) (b):</b> Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member.</p>	<p>The Administering Authority, upon the death of the member, will request evidence, as defined in the regulations.</p>
<p><b>Regulation 3 (13):</b> Decide policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment.</p>	<p>The Administering authority had resolved not to apply abatement from 1 July 2014 with the exception of Tiers 1 and 2 ill health retirements. This policy is to continue as it stands.</p>
<p><b>Regulation 15 (1) (c):</b> Extend time period for capitalisation of added years contract.</p>	<p>The administering authority resolves to exercise the discretion to deem elections for the capitalisation of added years' contracts to have been made at the date of retirement, where it is in the interest of the member concerned.</p>